



**W**e at David P. Lind & Associates, L.L.C. (DPL&A) are pleased to provide you with this copy of the *2007 Iowa Employer Benefits Study*<sup>®</sup>. This ninth annual study conducted by DPL&A is very useful in analyzing trends in employee benefits for Iowa employers. We wish to thank every employer that participated in our study, which is the first of its kind covering the entire state of Iowa. In addition, we wish to thank Data Point Research, Inc. for their statistical expertise and guidance.

As we have done with all previous studies, additional questions were included with our core study questions to elicit responses on various employee benefits topics. Specifically, we have revisited the components of Group Life Insurance, Short Term and Long Term Disability, which were absent from our 2006 Study. The results of this survey are extensive, and because of this, we have summarized some key areas of interest within this publication.

To further help Iowa employers benchmark their employee benefit plans with the *2007 Iowa Employer Benefits Study*<sup>®</sup>, DPL&A developed (and patented) a web based program that allows Iowa employers to compare various benefit components found within this study. You'll find this comparison tool online at [www.DPLABENCHMARK.com](http://www.DPLABENCHMARK.com)<sup>®</sup>. This benchmark provides you with easy to understand charts and text showing how your benefits compare to Iowa employers overall and to your industry. To reflect the value of this product, you may download a free sample for your review and consideration. For more information about benchmarking or to learn more about what DPL&A can do for you as your employee benefits broker/consultant, please contact us at (800) 821-LIND or reach us by email at [mail@dplaconsulting.com](mailto:mail@dplaconsulting.com).

We welcome any comments or suggestions that you have which could improve this study in future years.

Thank you for your interest in this  
*2007 Iowa Employer Benefits Study*<sup>®</sup>

A handwritten signature in black ink that reads "David P. Lind". The signature is fluid and cursive, with a large, stylized "D" and "L".

DAVID P. LIND, CEBS

PRESIDENT, DAVID P. LIND & ASSOCIATES L.L.C.

*Your Advocate In Employee Benefits*

## Explanation of the Survey Process

This is the ninth annual *Iowa Employer Benefits Study*® conducted by David P. Lind and Associates, L.L.C. and Data Point Research, Inc. As in previous years, this study measures a statistically valid sample of urban and rural Iowa employers with 10 or more employees. All information provided within this Summary Report includes both Public Service employers and Private employers.

An attempt was made to contact all sampled employers by telephone to determine whether they were currently doing business in Iowa, to determine the best respondent for the questionnaire, and to verify address information. In April 2007 all sampled employers were mailed a letter inviting them to participate in this year's study by completing the survey via a secure, password-protected website.

A total of 14,409 eligible employers were identified from the population of interest and split into five groups, based on their number of employees. Using this universe of eligible employers, 1,898 were randomly selected (sampled) to take part in this year's study. 822 organizations completed either web-based or hardcopy questionnaires, producing a 43.3 percent response rate. Information from 3 of these employers arrived too late to be included in this analysis, therefore the data presented here was obtained from 819 eligible Iowa employers. See **Table 1**.

**TABLE 1:**  
POPULATION CHARACTERISTICS

EMPLOYER SIZE	# of Employers in Group	# of Eligible Employers Sampled	# of Complete Interviews
10-19 employees	7,007	492	165
20-49 employees	4,541	517	221
50-249 employees	2,407	678	299
250-999 employees	372	182	112
1000+ employees	82	29	22
<b>TOTAL</b>	<b>14,409</b>	<b>1,898</b>	<b>819</b>

The results reported in this survey provide estimates of employee benefits offered by employers in Iowa. For the overall sample, the employee-size weighted percentages are all accurate to within plus or minus 3.3 percent, at a 95 percent confidence level. That is, for this study, the reader can be 95 percent certain that the survey percentages presented in this report are equal to those for all Iowa employers plus or minus 3.3 percent.

Averages reported for employers within employee size categories are statistically accurate to within plus or minus 7.5 percent for the employers with 10-19 and 250-999 employees, plus or minus 6 percent for employers with 20-49 and 50-249 employees, and plus or minus 18 percent for employers with 1,000 and more employees. When looking at all employers smaller than 250 employees the margin of error is 3.5 percent, and for all employers with 250 or more employees, the margin of error is 7 percent. All precision levels are stated at the 95 percent confidence level.

**Table 2** shows the response rates during the last 9 studies conducted by David P. Lind and Associates, L.L.C.:

**TABLE 2:**  
**HISTORY OF STUDY RESPONSE**  
**RATES**

YEAR	Response Rate	# of Employers
1999*	21.5%	342
2000	27.2%	499
2001	25.6%	407
2002	31.5%	478
2003	38.3%	620
2004	42.0%	604
2005**	34.6%	744
2006	39.3%	945
2007	43.3%	822

\* 1999 Study included Central Iowa Employers only

\*\* The 2005 study and all subsequent studies are expanded to include employers with 10-19 employees.

### EMPLOYEE-SIZE WEIGHTING OF EMPLOYERS

As seen from **Table 1**, in Iowa the number of large employers is considerably smaller than that of other sized employers. If the results in this report were simply reported by averaging across all employers, the results of these large employers would only represent a small fraction of the totals, since each employer would be weighted equally in the averages, regardless of size. To provide the most accurate results, employee-size weighted averages were calculated and used. Hence, an employer with 500 employees has the same weight in the overall averages as five employers of 100 employees or 50 employers with 10 employees. Therefore, the resulting employee-size weighted averages of employers in this study can be interpreted as representing averages of people employed by the employers in Iowa. The midpoints of the employee size categories were used as weights for all the employers in a category.

In addition to the employee size adjustment, the final sampling weights used in calculating the tables and exhibits in this study also incorporate the effect of varying sampling rate and non-response levels in each of the size categories. This stratified weighting approach is the generally accepted method for statistically analyzing survey data.

## Benefits Eligibility

**TABLE 3:**  
**BENEFITS OFFERED TO FULL-TIME  
AND PART-TIME EMPLOYEES**

Table 3 shows the percentages of employers offering various benefits to both full-time and part-time employees. The results are sorted in descending order by the prevalence of the benefits offered for the full-time employees.

BENEFIT OFFERED	FULL-TIME	PART-TIME
Health Insurance	92.5%	28.3%
Paid Holidays	90.3%	42.2%
Retirement Plans	84.9%	41.5%
Vacation	79.8%	32.3%
Group Life Insurance	78.7%	26.2%
Pre-Tax Premium	70.2%	28.5%
Dental Insurance	68.2%	26.5%
Dependent care flexible spending account	67.8%	32.8%
Long Term Disability	65.1%	22.0%
Sick Leave	63.9%	32.0%
Medical care spending account	63.4%	30.5%
Employee Voluntary Life Coverage	54.7%	23.0%
Dependent Voluntary Life Coverage	49.1%	19.8%
Short Term Disability	48.3%	14.7%
Employee Assistance Program (EAP)	45.1%	30.5%
Educational Assist/Tuition Reimbursement	44.3%	22.0%
Vision Coverage	39.2%	19.0%
Retiree Health Insurance (Pre 65 Years)	29.8%	13.8%
Paid Time Off Bank (PTO)	28.3%	16.9%
Health Insurance for Domestic Partners	27.4%	10.2%
Flextime	26.8%	17.5%
Fitness center or gym subsidy	26.4%	17.5%
Retiree Health Insurance (65 years +)	15.9%	7.5%
Long Term Care Insurance	15.7%	10.3%
Telecommuting	11.1%	8.0%
Child care assistance (on or off-site)	7.5%	6.3%

Almost 80 percent of all employers offer health and life insurance, vacation, paid holidays, and retirement plans to their full-time employees. Over half the employers also provide pre-tax premium, dental insurance, long term disability insurance, medical and dependent care spending accounts, sick leave, and employee voluntary life coverage.

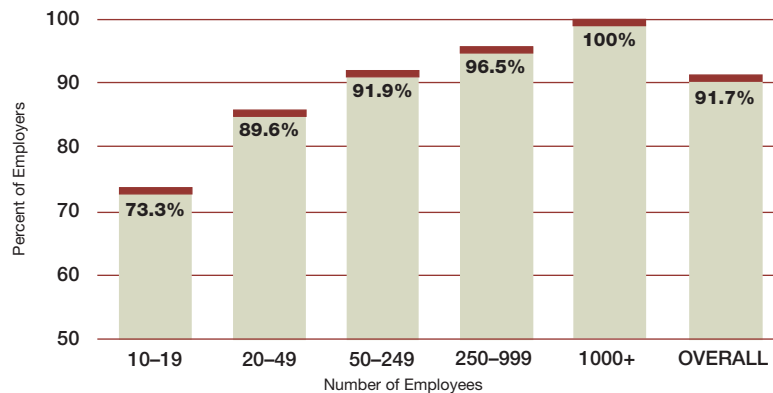
As in our previous studies, there is a tendency for larger employers to offer more of these benefits than smaller employers. This is true for both full-time and part-time employees.

## Retirement

Based on the type of organization, retirement plans can be established in a variety of ways. Our study concentrated on the likelihood that Iowa employers offer some type of retirement plan(s), and the plan(s) most widely used (i.e. defined contribution, defined benefit, profit sharing, etc.)

### EXHIBIT 1: PERCENT OF EMPLOYERS OFFERING RETIREMENT BENEFITS

Overall, about 92 percent of employers (size weighted) offer a retirement plan. Employers with fewer than 20 employees are somewhat less likely to offer this benefit than the larger employers with more than 20 employees.



### TABLE 4: RETIREMENT PLANS BY EMPLOYER SIZE

Table 4 shows what types of retirement plans are offered by Iowa employers. The 401(k) is the most frequently offered plan for all employer sizes. The defined benefit plans are more frequently offered among the larger employers, with approximately 36 percent of the largest employers offering such plans. IPERS is a retirement plan for career public employees. Small employers more frequently offer the Simple IRA's and SEP's than the larger employers.

RETIREMENT PLAN	Employer Size					Overall
	10-19	20-49	50-249	250-999	1000+	
401(k)	57.9%	73.2%	60.2%	58.7%	59.1%	61.5%
IPERS	3.3%	6.1%	24.1%	26.6%	27.3%	20.5%
403(b)	4.1%	9.1%	17.2%	14.7%	22.7%	14.9%
Defined Benefit Pension Plan	3.3%	7.6%	9.9%	11.0%	36.4%	12.8%
Profit Sharing	13.2%	14.6%	9.9%	12.8%	0.0%	10.3%
SIMPLE IRA	33.1%	14.1%	5.8%	1.8%	0.0%	7.7%
ESOP	0.8%	2.5%	2.9%	0.9%	0.0%	1.8%
SEP	9.1%	2.5%	0.0%	0.9%	0.0%	1.4%
OTHER	14.0%	9.6%	11.3%	25.7%	31.8%	17.7%

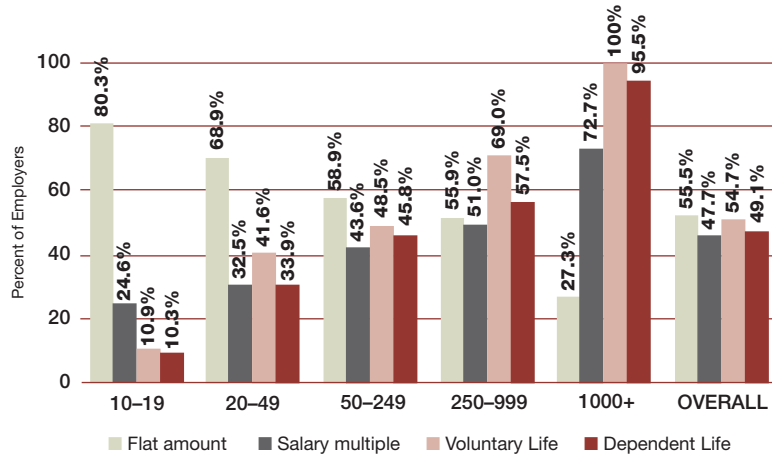
## Group Life Insurance

Group life insurance is a very common employee benefit because the cost is minimal compared to other benefits, such as medical insurance and retirement plans. Our study concentrated on whether Iowa employers provided life coverage on a flat amount basis, multiple of salary, or some other arrangement.

### EXHIBIT 2:

#### PERCENT OFFERING EMPLOYER-PAID GROUP LIFE AND VOLUNTARY LIFE PLANS

Overall, 78.7 percent of employers offer some type of employer-paid group life insurance coverage, whether a flat amount or multiple of salary plan. 55.5 percent of employers offer a flat amount plan and 47.7 percent offer a multiple of salary plan. In addition, 54.7 percent of employers offer employee-paid voluntary life plans, and 49.1 percent offer dependent voluntary life coverage (for spouses and/or dependent children).



**TABLE 5:**  
FLAT AMOUNT COVERAGE FOR  
LIFE INSURANCE PLANS BY  
EMPLOYER SIZE

For the employers providing “flat amount” group life plans, the overall average amount offered is \$21,191.

EMPLOYER SIZE	AVERAGE FLAT AMOUNT
10-19 employees	\$16,824
20-49 employees	\$20,629
50-249 employees	\$20,815
250-999 employees	\$24,093
1000+ employees	\$19,000
<b>OVERALL</b>	<b>\$21,191</b>

**TABLE 6:**  
MULTIPLIERS FOR LIFE INSURANCE  
PLANS BY EMPLOYER SIZE

Among the employers offering “multiple of salary” life insurance plans, the average reported multiple of salary is 1.56 and the average reported maximum benefit is \$359,722.

EMPLOYER SIZE	LIFE INSURANCE MULTIPLIER
10-19 employees	1.4
20-49 employees	1.5
50-249 employees	1.6
250-999 employees	1.5
1000+ employees	1.7
<b>OVERALL</b>	<b>1.6</b>

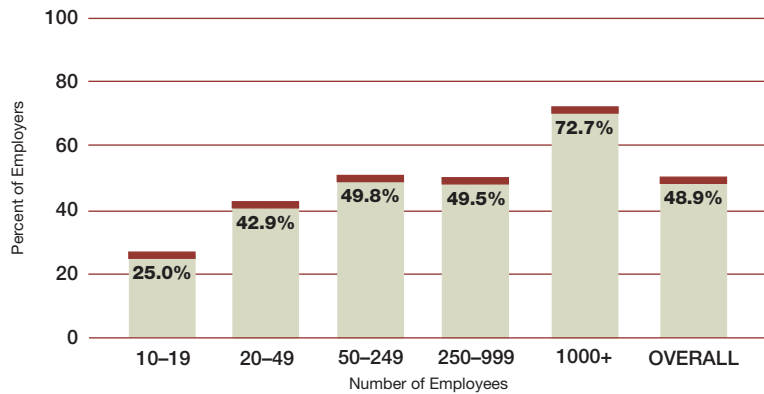
# Disability Insurance

When an employee becomes disabled off the job, we wanted to know whether Iowa employers offered some form of coverage for short-term and/or long-term disabilities. Are the disability premiums paid by the employer or employee or shared by both the employer and employee?

## SHORT TERM DISABILITY

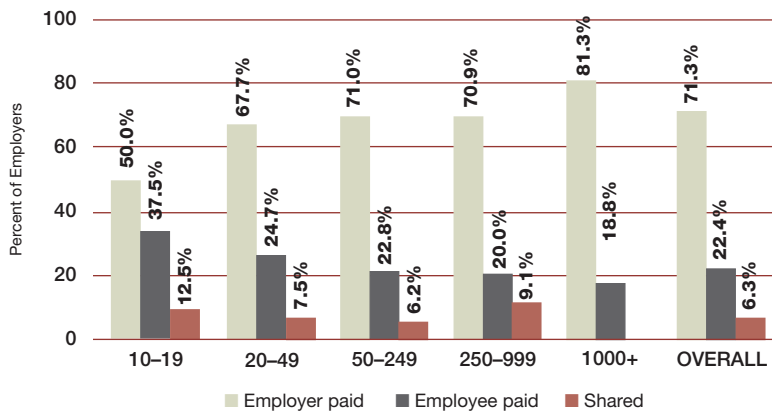
### EXHIBIT 3: EMPLOYERS OFFERING SHORT TERM DISABILITY INSURANCE

Less than half (48.9 percent) of all employers, weighted by size, offer short term disability insurance to their employees. The breakdown by employer size is also shown.



### EXHIBIT 4: SHORT TERM DISABILITY INSURANCE PAYMENT ARRANGEMENTS

Among the employers offering short term disability insurance, over two-thirds of employers (71.3 percent) cover the full cost, 22.4 percent have the employees pay the insurance cost, and 6.3 percent share the cost between employee and employer.

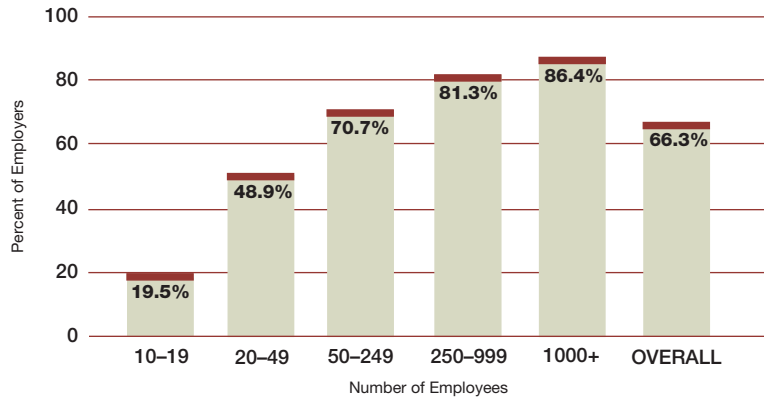


Overall 43 percent of employers offer fully-insured STD, while the remaining 57 percent self-insure the STD plan. Over 87 percent of employers offer a weekly benefit amount based on a percent of salary and the average replacement of income percentage is 66 percent. Thirteen percent of employers offer a flat amount of weekly benefit and the overall average flat amount is nearly \$196.

**LONG TERM DISABILITY**

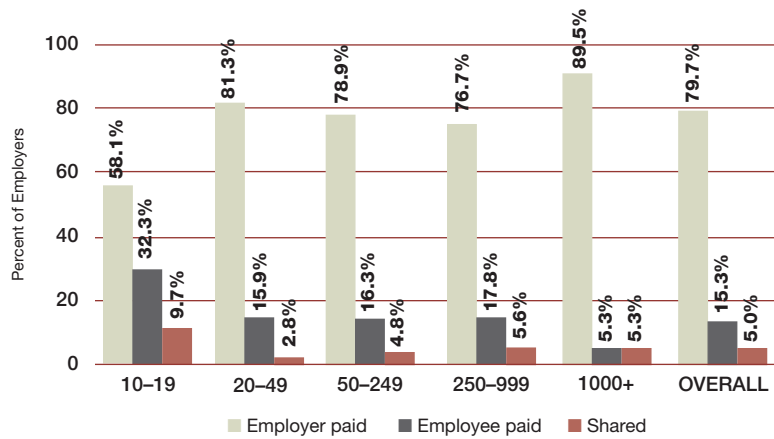
**EXHIBIT 5:  
EMPLOYERS OFFERING LONG TERM  
DISABILITY INSURANCE**

More employers offer long term rather than short term disability insurance. 66 percent of all employers offer such insurance, but this again varies by employer size.



**EXHIBIT 6:  
LONG TERM DISABILITY INSURANCE  
PAYMENT ARRANGEMENTS**

Among the employers offering long term disability insurance, about 80 percent of employers cover the full cost, 15 percent have the employees pay the insurance cost, and 5 percent share the cost between employee and employer.



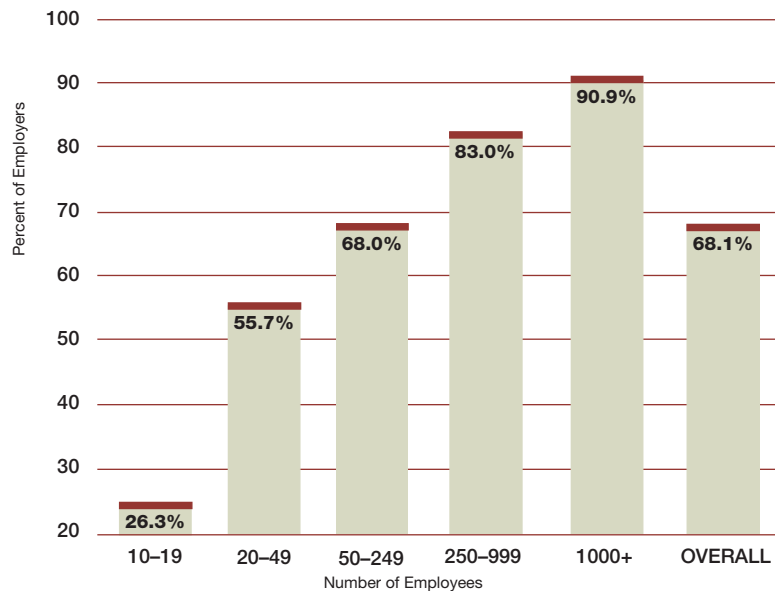
Overall, the average replacement of employee income as a percent of salary is 61 percent and this remains consistent regardless of employer size. The maximum monthly benefit covered is approximately \$7,141. Larger employers (1,000+) have a higher monthly maximum benefit versus the smaller employers.



## Dental Insurance

Similar to previous surveys, **Exhibit 7** shows as the employer size increases, the likelihood of offering dental benefits increases from 26 percent to 90 percent.

**EXHIBIT 7:  
EMPLOYERS OFFERING  
DENTAL PLANS**



## DENTAL PLAN RATES AND CONTRIBUTIONS

**TABLE 7:  
DENTAL PLAN MONTHLY PREMIUMS  
(INCLUDES EMPLOYER AND  
EMPLOYEE CONTRIBUTIONS)**

The average monthly premium for the primary dental plan is \$25.87 for employee only, \$54.20 for employee and spouse, \$53.23 for employee and children, and \$78.84 for family. In the 2006 Study, the weighted average monthly premiums for employee only, employee & spouse, employee & children and family were \$24.40, \$48.61, \$53.08 and \$70.27 respectively. The 2007 employee only dental rate increased by 6 percent and the family rate increased by 14 percent compared to the 2006 results.

EMPLOYER SIZE	Employee Only Plans	Employee & Spouse Plans	Employee & Children Plans	Family Plans
10-19 employees	\$28.75	\$49.02	\$40.59	\$79.15
20-49 employees	\$25.69	\$52.99	\$55.09	\$78.91
50-249 employees	\$26.39	\$57.40	\$47.91	\$79.52
250-999 employees	\$24.03	\$49.37	\$50.63	\$74.31
1000+ employees	\$27.37	\$56.13	\$64.79	\$83.88
<b>WEIGHTED AVG.</b>	<b>\$25.87</b>	<b>\$54.20</b>	<b>\$53.23</b>	<b>\$78.84</b>

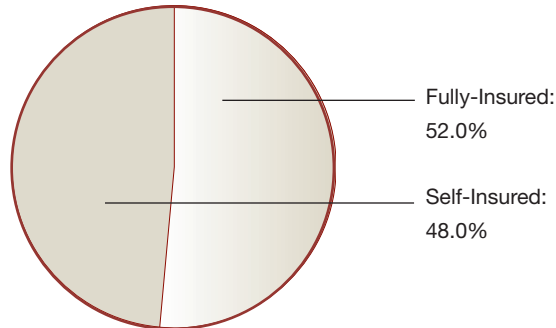
Dental Plan Rates and Contributions Continued

**TABLE 8:**  
**DENTAL PLAN PREMIUMS –**  
**MONTHLY EMPLOYEE**  
**CONTRIBUTIONS**

The average primary dental plan has an employee contribution of \$10.97 for employee-only, \$30.29 for employee and spouse, \$31.25 for employee and children and \$43.59 for family. In the 2006 Study, the weighted average monthly employee contribution for employee only, employee & spouse, employee & children and family were \$9.98, \$27.59, \$29.77 and \$40.46 respectively.

EMPLOYER SIZE	Employee Only Plans	Employee & Spouse Plans	Employee & Children Plans	Family Plans
10–19 employees	\$11.82	\$30.99	\$29.96	\$49.30
20–49 employees	\$11.14	\$30.62	\$29.43	\$48.45
50–249 employees	\$13.76	\$37.33	\$33.95	\$49.74
250–999 employees	\$10.03	\$31.28	\$33.70	\$43.77
1000+ employees	\$7.23	\$20.16	\$25.95	\$29.61
<b>WEIGHTED AVG.</b>	<b>\$10.97</b>	<b>\$30.29</b>	<b>\$31.25</b>	<b>\$43.59</b>

**EXHIBIT 8:**  
**PERCENTAGE OF EMPLOYERS**  
**OFFERING FULLY-INSURED**  
**DENTAL PLANS AND**  
**SELF-INSURED DENTAL PLANS**



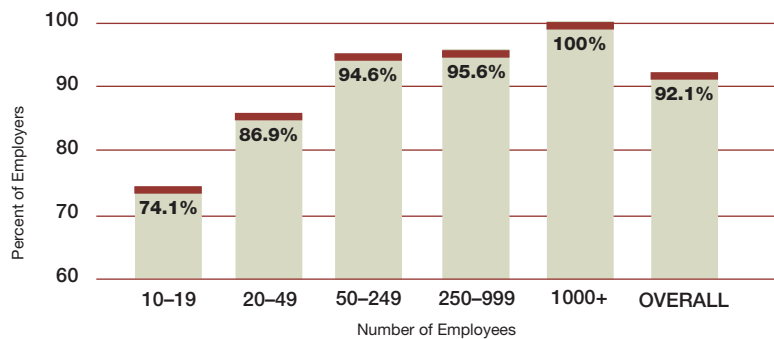
Overall, the average annual deductibles for dental plans are approximately \$35.00 for a single policy and \$82.00 for a family policy. The overall average annual maximum for dental plans (excluding orthodontics) is \$1,307. 78 percent of employers indicated that they offer orthodontia benefits and of those employers offering orthodontia 85 percent utilize a lifetime orthodontia maximum. The overall average lifetime maximum for orthodontia is \$1,327.

# Health Insurance

Group medical coverage is a large part of the employer’s benefits costs. Medical costs can be quite complex when distinguishing between fully-insured, partially self-funded, and self-funded costs. In addition, there are various plans available in Iowa, such as Health Maintenance Organizations (HMO), Point of Service plans (POS), Preferred Provider Organizations (PPO), and Traditional Indemnity (TI). As with all past studies, this study tracks the premium rates between many of these plans along with the employer/employee contribution rates. Just as important, the average benefits structure was analyzed by each corresponding medical plan.

**EXHIBIT 9:  
EMPLOYERS OFFERING HEALTH  
INSURANCE BENEFITS**

Overall, approximately 92 percent of employers who responded offer health insurance to their employees. This rate was 93.7 percent in last year’s study. The smaller employers surveyed are less likely to offer health insurance with only 74.1 percent offering this benefit.



**TABLE 9:  
TYPES OF HEALTH INSURANCE  
PLANS OFFERED BY SIZE OF  
EMPLOYER**

73.6 percent of Iowa employers offer PPO plans. These types of plans are the most frequently offered for all size categories. 26.2 percent offer HMO/POS plans, and 8.9 percent offer traditional indemnity plans. Last year’s study indicated that 74.7 percent of Iowa employers offered PPO plans, 26 percent offered HMO/POS, and 7 percent offered Traditional Indemnity plans.

	Employer Size					Overall
	10-19	20-49	50-249	250-999	1000+	
HMO/POS	23.3%	27.1%	22.1%	25.0%	40.9%	26.2%
PPO	58.3%	64.1%	76.2%	78.7%	77.3%	73.6%
Traditional Indemnity	14.2%	9.9%	7.5%	11.1%	4.5%	8.9%

It was possible for the survey respondents to offer more than one plan of each type, up to a total of two plans overall. When more than one plan of the same type was offered, the plan with the highest enrollment was designated as the “primary” plan (of that type). These primary plans are the ones being summarized in this study. Because the PPO plan is the most widely offered plan by Iowa employers, we have summarized the historical results on PPO plans from the past 9 studies conducted by DPL&A in **Tables 10, 22, 24, 31, 33, 34 and 36.**

Health Insurance Continued

**TABLE 10:**  
HISTORICAL PERCENTAGE  
OF EMPLOYERS  
OFFERING PPO PLANS

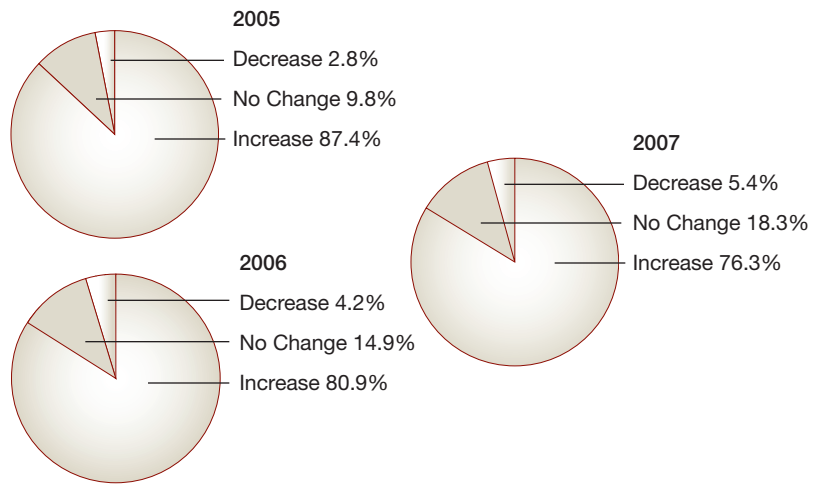
	1999*	2000	2001	2002	2003	2004	2005	2006	2007
PPO	74.2%	68.0%	79.9%	76.9%	81.7%	83.4%	76.9%	74.7%	73.6%

\* 1999 Study included Central Iowa Employers only

HEALTH INSURANCE RATES

**EXHIBIT 10:**  
EMPLOYERS WITH CHANGES IN  
HEALTH INSURANCE RATES

Just over 76 percent of all employers who responded to the survey experienced an increase in medical rates during the last year. 5.4 percent reported a decrease and about 18 percent had no change in rates. In contrast to two years ago, the 2005 study showed about 87 percent of employers experienced rate increases, 3 percent experienced a decrease and about 10 percent had no change in rates



The differences in rate increases tend to vary by employer size, with smaller employers experiencing higher rate increases.

**TABLE 11:**  
HEALTH INSURANCE RATE  
INCREASES

Overall, for those employers who reported an increase in their health insurance rates, the average reported increase was 11.6 percent. However, when factoring in those employers who experienced either no rate change or a rate decrease, the average overall rate increase is 8.2 percent. See Table 12.

EMPLOYER SIZE	Percent of Employers with Rate Increases	Average Percent of Increase
10-19 employees	78.3%	17.2%
20-49 employees	74.7%	13.7%
50-249 employees	69.1%	10.2%
250-999 employees	81.9%	10.7%
1000+ employees	86.4%	11.0%
<b>WEIGHTED AVG.</b>	<b>76.3%</b>	<b>11.6%</b>

**TABLE 12:**  
HEALTH INSURANCE RATE  
CHANGES – REGARDLESS OF  
RATE DIRECTION

EMPLOYER SIZE	Average Percent Change
10–19 employees	12.3%
20–49 employees	9.5%
50–249 employees	5.8%
250–999 employees	8.5%
1000+ employees	9.5%
<b>WEIGHTED AVG.</b>	<b>8.2%</b>

**Table 13** presents the history of health insurance rate increases since 2001. The smaller employers have experienced higher rate increases than the larger employers. This table compares only those employers who received rate increases.

**TABLE 13:**  
HISTORY OF HEALTH INSURANCE RATE INCREASES (BY EMPLOYER SIZE) SINCE 2001 FOR THOSE EMPLOYERS  
THAT REPORTED AN INCREASE

EMPLOYER SIZE	2001	2002	2003	2004	2005	2006	2007
10–19 employees	NA	NA	NA	NA	18.8%	20.1%	17.2%
20–49 employees	19.1%	19.4%	22.0%	20.9%	16.2%	15.2%	13.7%
50–249 employees	18.9%	20.1%	18.7%	14.9%	13.8%	13.5%	10.2%
250–999 employees	17.5%	16.3%	15.4%	13.7%	14.0%	11.7%	10.7%
1000+ employees	10.3%	17.4%	17.2%	15.8%	12.7%	13.5%	11.0%
<b>WEIGHTED AVG.</b>	<b>17.4%</b>	<b>18.7%</b>	<b>18.2%</b>	<b>15.7%</b>	<b>14.5%</b>	<b>13.9%</b>	<b>11.6%</b>

## Health Insurance Rates Continued

**TABLE 14:**  
**EMPLOYER RESPONSES TO INCREASED HEALTH INSURANCE RATES**  
**(WEIGHTED AVERAGE REGARDLESS OF EMPLOYER SIZE)**

<b>EMPLOYER RESPONSES TO INCREASED INSURANCE RATES</b>	<b>Overall</b>
Increased Employee Contributions (through payroll deductions)	47.8%
Raised Deductibles	25.6%
Increased Office Copays	19.3%
Increased Prescription Drug Copays	17.2%
Raised Out-Of-Pocket Maximums	17.0%
Changed Insurance Companies	14.2%
Organization Absorbed the Entire Cost Increase	13.7%
Passed All Increased Costs On To Employees	5.6%
Reduced Pay Raises or Bonuses	4.1%
Began Surcharge For Employees Who Smoke	3.1%
Began Surcharge For Covered Spouse	2.2%
Made Available Medical Provider Cost and Quality Info Via Internet	2.1%
Offered Internet Site With Personalized Health Information	1.9%
Changed From a PPO To An HMO/POS Product	1.5%
Released Employee(s)	1.3%
Postponed Capital Improvements	1.2%
Hired Fewer New Employees	1.0%
Stopped Providing Health Insurance Coverage	0.0%
Other	24.4%

The top five responses illustrate that employers are shifting increased costs to the employees through either increased premium contributions and/or benefit design changes to the medical plan. Such plan design changes attempt to engage the employees (and their family members) to become more involved financially with health care costs. These facts are demonstrated later in this summary under “Rates and Contributions” (starting on page 17) and in the benefit components found under HMO/POS, PPO and Traditional Indemnity plans.

## Health and Wellness Initiatives

With health care costs increasing year after year, employers are taking a more pro-active role in offering health improvement initiatives to their employees than in the past. **Table 15** indicates the prevalence of such programs currently undertaken by Iowa employers. **Table 16** indicates employers considering these programs within the next 12 months and **Table 17** shows the percentage of employers that will not offer these programs in the next 12 months.

**TABLE 15:**  
**PERCENTAGE OF EMPLOYERS CURRENTLY OFFERING WELLNESS AND/OR DISEASE MANAGEMENT PROGRAMS**

Over 56 percent of employers currently provide medical information to their employees through various sources (website, newsletters, etc.). Over one quarter of employers are also providing blood pressure screening, cholesterol screening, health club discounts/reimbursements and chronic disease management programs.

Medical information (Website, Newsletter, etc.)	56.5%
Blood Pressure Screening	32.0%
Cholesterol Screening	30.7%
Health club discount/reimbursement	28.5%
Chronic Disease Management Programs	26.3%
Smoking Cessation Programs	23.8%
Health Risk Assessment Program	22.9%
Weight Control Programs	19.3%

**TABLE 16:**  
**PERCENTAGE OF EMPLOYERS CONSIDERING WELLNESS AND/OR DISEASE MANAGEMENT PROGRAMS IN THE NEXT 12 MONTHS**

Employers have indicated they are equally split on types of programs to include during the next 12 months. Health risk assessments, smoking cessation programs and providing medical information appear to be top considerations.

Health Risk Assessment Program	12.6%
Smoking Cessation Programs	12.4%
Medical information (Website, Newsletter, etc.)	12.0%
Weight Control Programs	9.7%
Blood Pressure Screening	9.2%
Cholesterol Screening	9.2%
Chronic Disease Management Programs	8.2%
Health club discount/reimbursement	4.0%

## Health and Wellness Initiatives Continued

**TABLE 17:**  
**PERCENTAGE OF EMPLOYERS WHO WILL NOT OFFER WELLNESS AND/OR DISEASE MANAGEMENT PROGRAMS IN THE NEXT 12 MONTHS**

Approximately one-third of employers indicate no interest in implementing most of the wellness/disease management programs during the next 12 months.

Weight Control Programs	35.8%
Health club discount/reimbursement	35.2%
Smoking Cessation Programs	32.7%
Health Risk Assessment Program	32.2%
Chronic Disease Management Programs	31.9%
Cholesterol Screening	30.5%
Blood Pressure Screening	29.2%
Medical information (Website, Newsletter, etc.)	16.7%

**TABLE 18:**  
**LIKELIHOOD OF EMPLOYERS OFFERING WELLNESS INITIATIVES BASED ON EMPLOYER SIZE**

Overall, large employers (250+ employees) are more inclined to embrace wellness initiatives than those employers with less than 250 employees.

	Less than 250 Employees	250 or More Employees
Medical information (Website, Newsletter, etc.)	50.3%	66.4%
Health club discount/reimbursement	17.4%	46.2%
Health Risk Assessment Program	15.4%	35.1%
Weight Control Programs	10.9%	32.7%
Smoking Cessation Programs	15.7%	36.7%
Blood Pressure Screening	22.4%	47.2%
Cholesterol Screening	20.6%	46.8%
Chronic Disease Management Programs	14.3%	45.4%



## Rates and Contributions

### HMO/POS PLANS

**Table 19** shows the monthly average billed rates for the primary HMO/POS plan, and **Table 20** displays the corresponding monthly employee contributions.

**TABLE 19:**  
HMO/POS MONTHLY PREMIUMS  
(INCLUDES EMPLOYER AND  
EMPLOYEE CONTRIBUTIONS)

EMPLOYER SIZE	Employee Only Plans	Employee & Spouse Plans	Employee & Children Plans	Family Plans
10–19 employees	\$299.90	\$638.43	\$553.30	\$724.95
20–49 employees	\$333.88	\$592.55	\$479.18	\$775.59
50–249 employees	\$324.85	\$601.87	\$552.19	\$834.64
250–999 employees	\$350.34	\$727.37	\$700.54	\$936.14
1000+ employees	\$356.87	\$657.29	\$561.46	\$952.96
<b>WEIGHTED AVG.</b>	<b>\$336.67</b>	<b>\$638.02</b>	<b>\$562.08</b>	<b>\$868.61</b>

Last year, the weighted average monthly premiums for HMO/POS plans for employee only, employee & spouse, employee & children and family were \$308.72, \$613.69, \$567.82 and \$856.62 respectively.

**TABLE 20:**  
HMO/POS MONTHLY EMPLOYEE  
CONTRIBUTIONS

The HMO/POS plan has an average employee contribution of \$57.21 for employee only plans, and \$191.21 for employee & spouse plans. Employee & children plans have an overall average of \$177.84, while family plans average \$271.62 per month. Last year, the weighted average employee contribution for HMO/POS plans for employee only, employee & spouse, employee & children and family were \$66.93, \$204.64, \$187.87 and \$289.20 respectively.

EMPLOYER SIZE	Employee Only Plans	Employee & Spouse Plans	Employee & Children Plans	Family Plans
10–19 employees	\$61.69	\$188.68	\$120.41	\$293.82
20–49 employees	\$76.23	\$242.25	\$193.97	\$321.13
50–249 employees	\$70.38	\$208.70	\$195.98	\$323.30
250–999 employees	\$48.77	\$192.58	\$193.55	\$164.83
1000+ employees	\$31.53	\$126.60	\$134.05	\$266.48
<b>WEIGHTED AVG.</b>	<b>\$57.21</b>	<b>\$191.21</b>	<b>\$177.84</b>	<b>\$271.62</b>

## PPO PLANS

Table 21 shows the monthly average billed rates for the primary PPO plan.

**TABLE 21:**  
PPO MONTHLY PREMIUMS  
(INCLUDES EMPLOYER AND  
EMPLOYEE CONTRIBUTIONS)

EMPLOYER SIZE	Employee Only Plans	Employee & Spouse Plans	Employee & Children Plans	Family Plans
10–19 employees	\$280.28	\$657.11	\$564.01	\$748.78
20–49 employees	\$316.96	\$612.99	\$534.94	\$925.70
50–249 employees	\$365.15	\$633.20	\$571.58	\$894.19
250–999 employees	\$382.90	\$731.77	\$748.94	\$973.16
1000+ employees	\$373.22	\$691.78	\$634.29	\$951.89
<b>WEIGHTED AVG.</b>	<b>\$358.29</b>	<b>\$670.67</b>	<b>\$624.04</b>	<b>\$920.85</b>

Table 22 presents the history of monthly PPO health premiums since 1999 in Iowa.

**TABLE 22:**  
HISTORY OF PPO MONTHLY HEALTH  
PREMIUMS (SINGLE AND FAMILY  
ONLY, INCLUDES EMPLOYER AND  
EMPLOYEE CONTRIBUTIONS)

YEAR	Single	Family
1999*	\$178	\$457
2000	\$195	\$493
2001	\$229	\$590
2002	\$255	\$651
2003	\$279	\$725
2004	\$321	\$811
2005	\$315	\$831
2006	\$340	\$881
2007	\$358	\$921
<b>9 YR. INCREASE</b>	<b>101%</b>	<b>101.5%</b>

\* 1999 Study included Central Iowa Employers only

**Table 23** shows the monthly employee contributions for the primary PPO plan.

**TABLE 23:**  
**PPO MONTHLY EMPLOYEE CONTRIBUTIONS**

The PPO plan has an average employee contribution of \$54.51 for employee only plans, and \$199.71 for employee & spouse plans. Employee & children plans have an overall average of \$178.13, while family plans average \$293.28 per month. Last year, the weighted average employee contribution for PPO plans for employee only, employee & spouse, employee & children and family were \$58.48, \$196.59, \$175.71 and \$272.74 respectively. These results appear to suggest that employers are hesitant about increasing employee only contributions, but rather, continue the cost-sharing arrangement with the other three tiers.

EMPLOYER SIZE	Employee Only Plans	Employee & Spouse Plans	Employee & Children Plans	Family Plans
10–19 employees	\$43.46	\$222.17	\$215.03	\$338.29
20–49 employees	\$61.14	\$228.21	\$176.85	\$299.07
50–249 employees	\$54.79	\$229.47	\$203.67	\$353.30
250–999 employees	\$50.45	\$180.10	\$170.52	\$246.44
1000+ employees	\$59.53	\$151.64	\$111.39	\$206.19
<b>WEIGHTED AVG.</b>	<b>\$54.51</b>	<b>\$199.71</b>	<b>\$178.13</b>	<b>\$293.28</b>

**Table 24** presents the history of PPO monthly employee contributions since 1999 in Iowa.

**TABLE 24:**  
**HISTORY OF PPO MONTHLY EMPLOYEE CONTRIBUTIONS (SINGLE AND FAMILY ONLY)**

YEAR	Single	Family
1999*	\$40	\$195
2000	\$39	\$175
2001	\$40	\$227
2002	\$47	\$237
2003	\$51	\$249
2004	\$53	\$276
2005	\$61	\$289
2006	\$58	\$273
2007	\$55	\$293
<b>9 YR. INCREASE</b>	<b>38%</b>	<b>50%</b>

\* 1999 Study included Central Iowa Employers only

## TRADITIONAL INDEMNITY PLANS

Table 25 and Table 26 show the monthly average billed rates and the employee contributions for the primary traditional indemnity plan.

**TABLE 25:**  
INDEMNITY MONTHLY PREMIUMS  
(INCLUDES EMPLOYER AND  
EMPLOYEE CONTRIBUTIONS)

EMPLOYER SIZE	Employee Only Plans	Employee & Spouse Plans	Employee & Children Plans	Family Plans
10-19 employees*	\$295.05	\$464.77	\$403.39	\$787.76
20-49 employees	\$295.23	\$423.58	\$387.24	\$745.38
50-249 employees	\$306.36	\$637.39	\$571.10	\$834.25
250-999 employees*	\$502.05	\$631.32	\$464.58	\$1,218.87
1000+ employees*	\$364.00	\$1,028.00	\$426.00	\$784.00
<b>WEIGHTED AVG.</b>	<b>\$353.97</b>	<b>\$606.85</b>	<b>\$507.48</b>	<b>\$920.01</b>

\* Details of Traditional Indemnity Plans offered by employers size 10-19, 250-999 and 1000+ were provided by only a few respondents. Any reported results for this size of employer may not be reliable.

**TABLE 26:**  
INDEMNITY MONTHLY EMPLOYEE  
CONTRIBUTIONS

The Indemnity plan has an average employee contribution of \$39.75 for employee only plans, \$238.17 for employee & spouse, \$188.20 for employee & children and \$274.30 for family. Last year, the weighted average employee contribution for Indemnity plans for employee only, employee & spouse, employee & children and family were \$51.26, \$209.68, \$194.79 and \$281.65 respectively.

EMPLOYER SIZE	Employee Only Plans	Employee & Spouse Plans	Employee & Children Plans	Family Plans
10-19 employees*	\$28.92	\$49.68	\$13.68	\$137.57
20-49 employees	\$49.97	\$139.54	\$110.03	\$253.74
50-249 employees	\$61.21	\$325.11	\$291.34	\$364.19
250-999 employees*	\$11.56	\$98.66	\$46.46	\$230.53
1000+ employees**	-	-	-	-
<b>WEIGHTED AVG.</b>	<b>\$39.75</b>	<b>\$238.17</b>	<b>\$188.20</b>	<b>\$274.30</b>

\* Details of Traditional Indemnity Plans offered by employers size 10-19, 250-999 and 1000+ were provided by only a few respondents. Any reported results for this size of employer may not be reliable.

\*\* Details of Traditional Indemnity Plans offered by 1 or no respondents are indicated with (-).

## HMO/POS PLAN BENEFITS

**TABLE 27:**  
HMO/POS IN-NETWORK  
DEDUCTIBLES BY EMPLOYER SIZE

In-network deductibles average \$775 per employee for single coverage and \$1,635 for family coverage. Last year, the average deductibles for single and family coverage were \$675 and \$1,402 respectively.

EMPLOYER SIZE	Single	Family
10–19 employees	\$1,149	\$2,195
20–49 employees	\$1,129	\$2,400
50–249 employees	\$959	\$2,015
250–999 employees	\$521	\$1,041
1000+ employees	\$336	\$835
<b>WEIGHTED AVG.</b>	<b>\$775</b>	<b>\$1,635</b>

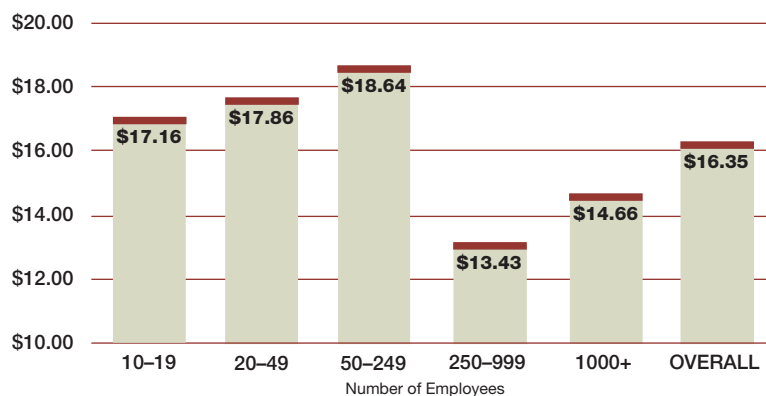
**TABLE 28:**  
HMO/POS MAXIMUM OUT-OF-  
POCKET EXPENSES FOR SINGLE  
AND FAMILY COVERAGE

The average maximum out-of-pocket expense for all employers is \$1,812 for single coverage and \$3,629 for family. Last year, the average maximum out-of-pocket for single and family coverage was \$1,770 and \$3,544 respectively.

EMPLOYER SIZE	Single	Family
10–19 employees	\$1,985	\$3,936
20–49 employees	\$2,508	\$5,236
50–249 employees	\$2,101	\$4,194
250–999 employees	\$1,391	\$2,806
1000+ employees	\$1,293	\$2,502
<b>WEIGHTED AVG.</b>	<b>\$1,812</b>	<b>\$3,629</b>

**EXHIBIT 11:**  
HMO/POS AVERAGE DOCTOR'S  
OFFICE CO-PAY (IN \$)

The average doctor's office co-pay is \$16.35. Last year, this co-pay averaged \$15.79 per visit.



## HMO/POS Plan Benefits Continued

**TABLE 29:**  
HMO/POS DRUG CO-PAY BY  
EMPLOYER SIZE

Table 29 displays the average drug co-pay for generic, preferred brand name, and non-preferred brand name drugs. Last year, the weighted average co-pays for generic, preferred brand name, and non-preferred brand name drugs were \$10.80, \$24.01 and \$40.48 respectively.

EMPLOYER SIZE	Generic	Preferred Brand-Name	Non-Preferred Brand-Name
10–19 employees	\$10.74	\$26.39	\$41.91
20–49 employees	\$10.77	\$27.96	\$42.72
50–249 employees	\$11.38	\$25.07	\$41.17
250–999 employees	\$9.05	\$21.36	\$36.66
1000+ employees	\$8.35	\$22.95	\$37.11
<b>WEIGHTED AVG.</b>	<b>\$9.98</b>	<b>\$24.37</b>	<b>\$39.64</b>

## PPO PLAN BENEFITS

**TABLE 30:**  
PPO IN-NETWORK DEDUCTIBLES  
BY EMPLOYER SIZE

In-network deductibles average \$853 per employee for single coverage and \$1,749 for family coverage. Last year, the average deductibles for single and family coverage were \$759 and \$1,611 respectively.

EMPLOYER SIZE	Single	Family
10–19 employees	\$1,294	\$2,706
20–49 employees	\$1,207	\$2,547
50–249 employees	\$835	\$1,750
250–999 employees	\$743	\$1,451
1000+ employees	\$555	\$1,111
<b>WEIGHTED AVG.</b>	<b>\$853</b>	<b>\$1,749</b>

Table 31 presents the history of PPO In-Network Deductibles since 1999.

**TABLE 31:**  
HISTORY OF PPO IN-NETWORK  
DEDUCTIBLES

YEAR	Single	Family
1999*	\$305	\$693
2000	\$280	\$599
2001	\$342	\$748
2002	\$384	\$825
2003	\$473	\$1,022
2004	\$572	\$1,204
2005	\$750	\$1,562
2006	\$759	\$1,611
2007	\$853	\$1,749
<b>9 YR. INCREASE</b>	<b>180%</b>	<b>152%</b>

\* 1999 Study included Central Iowa Employers only

**TABLE 32:**  
**PPO MAXIMUM OUT-OF-POCKET EXPENSES FOR SINGLE AND FAMILY COVERAGE**

The average maximum out-of-pocket expense for all employers is \$1,991 for single coverage and \$3,938 for family. Last year, the average maximum out-of-pocket for single and family coverage was \$1,861 and \$3,788 respectively.

EMPLOYER SIZE	Single	Family
10–19 employees	\$2,841	\$5,599
20–49 employees	\$2,450	\$4,982
50–249 employees	\$1,893	\$3,696
250–999 employees	\$1,772	\$3,536
1000+ employees	\$1,887	\$3,681
<b>WEIGHTED AVG.</b>	<b>\$1,991</b>	<b>\$3,938</b>

Table 33 presents the history of PPO Maximum Out-of-Pocket Expenses since 1999.

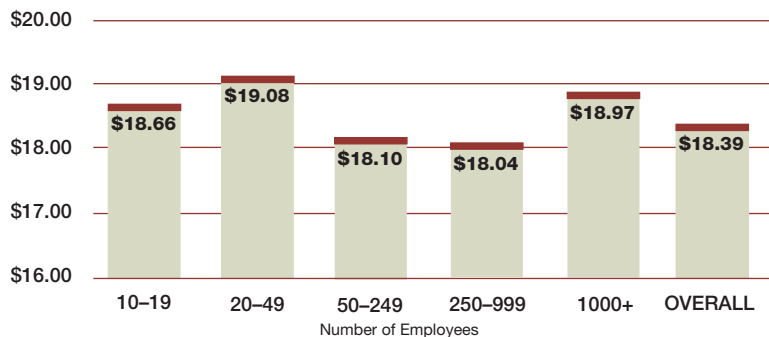
**TABLE 33:**  
**HISTORY OF PPO MAXIMUM OUT-OF-POCKET EXPENSES**

YEAR	Single	Family
1999*	\$1,117	\$2,277
2000	\$1,001	\$1,943
2001	\$1,210	\$2,468
2002	\$1,287	\$2,661
2003	\$1,522	\$3,049
2004	\$1,650	\$3,379
2005	\$1,891	\$3,860
2006	\$1,861	\$3,788
2007	\$1,991	\$3,938
<b>9 YR. INCREASE</b>	<b>78%</b>	<b>73%</b>

\* 1999 Study included Central Iowa Employers only

**EXHIBIT 12:**  
**PPO AVERAGE DOCTOR'S OFFICE CO-PAY (IN \$)**

The average doctor's office co-pay is \$18.39. Last year, this co-pay averaged \$17.43 per visit.



## PPO Plan Benefits Continued

Table 34 presents the history of PPO average doctor's office co-pays since 1999.

**TABLE 34:**  
HISTORY OF PPO AVERAGE  
DOCTOR'S OFFICE CO-PAYS (IN \$)

YEAR	Average
1999*	\$11.33
2000	\$11.32
2001	\$12.49
2002	\$13.28
2003	\$14.11
2004	\$15.55
2005	\$16.34
2006	\$17.43
2007	\$18.39
<b>9 YR. INCREASE</b>	<b>62%</b>

\* 1999 Study included Central Iowa Employers only

**TABLE 35:**  
PPO DRUG CO-PAY BY EMPLOYER  
SIZE

Table 35 displays the average drug co-pay for generic, preferred brand name, and non-preferred brand name drugs. Last year, the weighted average co-pays for generic, preferred brand name, and non-preferred brand name drugs were \$10.92, \$25.18 and \$39.89 respectively.

EMPLOYER SIZE	Generic	Preferred Brand-Name	Non-Preferred Brand-Name
10–19 employees	\$11.37	\$26.93	\$41.59
20–49 employees	\$10.67	\$27.53	\$43.12
50–249 employees	\$10.75	\$25.92	\$41.05
250–999 employees	\$10.38	\$24.80	\$38.49
1000+ employees	\$11.21	\$23.97	\$40.55
<b>WEIGHTED AVG.</b>	<b>\$10.74</b>	<b>\$25.63</b>	<b>\$40.57</b>

Approximately 13 percent of employers offering PPO's have their Rx plan subject to the medical plan deductible and coinsurance. Another 25 percent have indicated their Rx plan is subject to a separate Rx deductible (average deductibles are \$97 Single and \$182 Family).



Table 36 presents the history of PPO drug co-pays since 1999.

**TABLE 36:**  
HISTORY OF PPO DRUG CO-PAYS

YEAR	Generic	Preferred Brand-Name	Non-Preferred Brand-Name
1999*	\$8.07	\$13.26	N/A
2000	\$6.58	\$13.46	\$23.91
2001	\$7.98	\$15.39	\$22.71
2002	\$8.45	\$16.86	\$27.42
2003	\$9.48	\$20.29	\$33.58
2004	\$10.28	\$22.70	\$36.12
2005	\$10.75	\$23.80	\$38.72
2006	\$10.92	\$25.18	\$39.89
2007	\$10.74	\$25.63	\$40.57
<b>9 YR. INCREASE</b>	<b>33%</b>	<b>93%</b>	<b>70%**</b>

\* 1999 Study included Central Iowa Employers only

\*\* 8 year increase

### TRADITIONAL INDEMNITY PLAN BENEFITS

Traditional Indemnity plans are less frequently offered than PPO and HMO/POS plans as indicated by Table 9 on page 11. Because of this and the much lower number of employer responses, the results of traditional indemnity plan benefits are not as credible when comparing to previous studies.

**TABLE 37:**  
TRADITIONAL INDEMNITY  
IN-NETWORK DEDUCTIBLES BY  
EMPLOYER SIZE

In-network deductibles average \$1,042 per employee for single coverage, and \$2,120 for family coverage. Last year, the average deductibles for single and family coverage were \$1,277 and \$2,495 respectively.

EMPLOYER SIZE	Single	Family
10-19 employees	\$1,781	\$3,387
20-49 employees	\$1,150	\$2,624
50-249 employees	\$1,198	\$2,423
250-999 employees	\$359	\$652
1000+ employees*	-	-
<b>WEIGHTED AVG.</b>	<b>\$1,042</b>	<b>\$2,120</b>

\*Details of Traditional Indemnity Plans offered by one or no respondents are indicated with (-).

## Traditional Indemnity Plan Benefits Continued

**TABLE 38:**  
TRADITIONAL INDEMNITY  
MAXIMUM OUT-OF-POCKET  
EXPENSES BY EMPLOYER SIZE

The average maximum out-of-pocket expense for all employers is \$1,927 for single coverage and \$3,840 for family. Last year, the average maximum out-of-pocket for single and family coverage was \$2,531 and \$4,631 respectively.

EMPLOYER SIZE	Single	Family
10–19 employees	\$1,795	\$4,261
20–49 employees	\$3,185	\$8,107
50–249 employees	\$2,087	\$4,015
250–999 employees	\$742	\$1,163
1000+ employees*	–	–
<b>WEIGHTED AVG.</b>	<b>\$1,927</b>	<b>\$3,840</b>

\*Details of Traditional Indemnity Plans offered by one or no respondents are indicated with (-).

**EXHIBIT 13:**  
TRADITIONAL INDEMNITY AVERAGE  
DOCTOR'S OFFICE  
CO-PAY (IN \$)

The average doctor's office co-pay for all employers is \$17.90. Last year, this co-pay averaged \$18.00 per visit.



\* Details of Traditional Indemnity Plans offered by employers size 250-999 were provided by only a few respondents. Any reported results for this size of employer may not be reliable.

\*\* There were no respondents for the 1000+ employer size.

**TABLE 39:**  
TRADITIONAL INDEMNITY AVERAGE  
DRUG CO-PAY BY EMPLOYER SIZE

Table 39 displays the average drug co-pay for generic, preferred brand name and non-preferred brand name drugs. Last year, the weighted average co-pays for generic, preferred brand name, and non-preferred brand name drugs were \$10.27, \$25.81 and \$40.81 respectively.

EMPLOYER SIZE	Generic	Preferred Brand-Name	Non-Preferred Brand-Name
10–19 employees	\$10.23	\$29.30	\$45.41
20–49 employees	\$9.06	\$31.15	\$45.25
50–249 employees	\$13.21	\$32.11	\$46.21
250–999 employees*	\$5.65	\$16.95	\$31.95
1000+ employees**	–	–	–
<b>WEIGHTED AVG.</b>	<b>\$9.66</b>	<b>\$27.24</b>	<b>\$41.79</b>

\* Details of Traditional Indemnity Plans offered by employers size 250-999 were provided by only a few respondents. Any reported results for this size of employer may not be reliable.

\*\* There were no respondents for the 1000+ employer size.

## COLLECTIVELY BARGAINED VS. NON-BARGAINED HEALTH INSURANCE PLANS

Table 40 shows overall how collectively bargained health insurance plans compare to non-bargained health insurance plans regardless of the employer size, industry, or type of plan the employer offers (i.e. HMO/POS, PPO, or Traditional Indemnity).

**TABLE 40:**  
COLLECTIVELY BARGAINED HEALTH INSURANCE  
PLANS VS. NON-BARGAINED PLANS

	Collectively Bargained Plans	Non-Bargained Plans
<b>MONTHLY MEDICAL PREMIUMS</b> (includes employer and employee contributions)		
Single	\$447.34	\$331.93
Employee & Spouse	\$764.96	\$651.67
Employee & Child(ren)	\$756.64	\$586.38
Family	\$1,037.61	\$877.76
<b>MONTHLY EMPLOYEE CONTRIBUTIONS</b>		
Single	\$18.34	\$62.71
Employee & Spouse	\$162.76	\$205.17
Employee & Child(ren)	\$129.57	\$187.24
Family	\$303.81	\$285.44
<b>IN-NETWORK DEDUCTIBLES</b>		
Single	\$527.00	\$936.00
Family	\$987.00	\$1,941.00
<b>MAXIMUM OUT-OF-POCKET EXPENSES</b>		
Single	\$1,196.00	\$2,145.00
Family	\$2,357.00	\$4,262.00
<b>DOCTOR'S OFFICE VISIT</b>		
Co-Pay Per Visit	\$14.34	\$18.59
<b>PRESCRIPTION DRUG CO-PAYS</b>		
Generic	\$8.24	\$10.96
Preferred Brand-Name	\$19.55	\$26.75
Non-Preferred Brand-Name	\$31.31	\$42.19

Almost 16 percent of employers with bargained plans have a separate deductible for Rx, with the average deductible being approximately \$116 for single and \$234 for family. Conversely, 25 percent of employers with non-bargained plans offer a separate deductible for Rx, with the average deductible being approximately \$98 for single and \$176 for family.

## CONSUMER-DRIVEN HEALTH PLANS

A “consumer-driven health plan” (CDHP) is considered by many to be the next generation of medical coverage that employers will offer to their employees. Under this approach, an employer will allocate a sum of money annually to offset the employees’ portion of a high-deductible plan. This way, employers continue to support their employees’ health care needs, while allowing employees to more directly control their own health coverage. Although Flexible Spending Accounts (FSA’s - Under IRS Code Sec. 125) may also be supported with employer funds, there are two other spending accounts that more commonly come to mind when discussing CDHP arrangements.

- 1) **Health Reimbursement Arrangement (HRA).** HRAs are **employer provided** funds to employees that must be used by the employee for qualified medical expenses. HRAs allow the employer flexibility in plan design, such as permitting employees to roll over any unused balance into the following year. Employees normally do not “own” such an account, and any balances are usually forfeited back to the Plan should the employee terminate employment.
- 2) **Health Savings Account (HSA).** HSAs may be funded by the employee, employer or both. HSAs are permanent, portable, tax-favored savings accounts available to anyone with a qualified high-deductible health insurance plan. Because the HSA is owned by the employee, the employee retains control of their HSA even when changing employers.

Approximately 25.7 percent of respondents indicated they offer either an HRA or HSA (or a combination of these). **Table 41** shows a breakout of these respondents by employer size.

**TABLE 41:**

**PERCENTAGE OF EMPLOYERS OFFERING AN HRA AND/OR HSA BY EMPLOYER SIZE**

CDHP’s increased in popularity during the past year. The larger employers are more likely to offer a CDHP when compared to the smaller employers. It appears almost 43% of the largest employers (1,000+) are now embracing CDHP’s.

EMPLOYER SIZE	2005 Percent	2006 Percent	2007 Percent
10-19 Employees	2.1%	5.8%	10.8%
20-49 Employees	5.5%	12.4%	22.7%
50-249 Employees	3.6%	22.1%	28.0%
250-999 Employees	8.1%	21.2%	23.7%
1000+ Employees	3.2%	35.3%	42.9%
All Employers Under 250	3.9%	16.1%	23.3%
All Employers Over 250	6.0%	25.8%	31.2%
All Urban/Metro Employers	3.1%	21.0%	30.5%
All NonMetro/Rural Employers	6.2%	17.2%	20.2%
<b>OVERALL</b>	<b>4.5%</b>	<b>19.3%</b>	<b>25.7%</b>

In this year's survey, a number of questions help assess the employers' willingness to switch to a consumer-driven health plan for medical benefits. Employers used a five-point scale to indicate their likelihood of switching to such a plan in the next twelve months.

**TABLE 42:****LIKELIHOOD OF CHANGING TO A CONSUMER-DRIVEN HEALTH PLAN WITHIN THE NEXT 12 MONTHS**

Table 42 indicates that over 14 percent of all employers said they were somewhat likely or very likely to switch to a consumer-driven health plan within the next twelve months. Over 67 percent said they were at least somewhat unlikely to make the switch, while 18.2 percent are still unsure. In the 2006 study, 14 percent of employers were somewhat likely or very likely to offer a consumer-driven health plan within the next 12 months, while 74 percent were at least somewhat unlikely to make the change within 12 months.

ANSWER CATEGORIES	Employer Size					Overall
	10-19	20-49	50-249	250-999	1000+	
1. Very Likely*	–	3.4%	1.0%	3.3%	16.7%	<b>3.3%</b>
2. Somewhat Likely	1.2%	6.9%	9.6%	16.7%	33.3%	<b>11.4%</b>
3. Somewhat Unlikely	18.8%	12.6%	21.2%	16.7%	33.3%	<b>19.6%</b>
4. Very Unlikely	62.4%	52.9%	47.1%	46.7%	16.7%	<b>47.5%</b>
5. Unsure*	17.6%	24.1%	21.2%	16.7%	–	<b>18.2%</b>

\*Details offered by employers size 10-19 and 1000+ were provided by 1 or no respondents and are indicated with (-).

**EMPLOYER FUNDING OF CONSUMER-DRIVEN HEALTH PLANS**

**Health Reimbursement Arrangements (HRAs)** — The average deductibles offered by employers who have implemented HRAs are \$1,720 for Single and \$3,570 for Family. In 2007, the employer offsets these deductibles with the following subsidies: Single - \$1,075 and Family - \$1,735. Over half of employers (58.8 percent) allow employees to roll over all or part of the unused HRA balance into the following year.

**Health Savings Accounts (HSAs)** – The average deductibles offered under a qualified high-deductible health plan are \$2,152 for Single and \$4,808 for Family. In 2007, the employer offsets these deductibles with the following subsidies (deposited into the HSA): Single - \$814 and Family - \$1,393. Just over half (56.5 percent) of employers who offer high-deductible health plans jointly fund the HSA accounts with their employees. Another 38 percent of employers require the employee to fund the HSA without employer assistance, while only 5.5 percent of employers fully fund the HSA accounts.

## Overall Picture of Average Iowa Employer

What does the average Iowa employer (regardless of size and industry) offer to its employees for benefits? The following information will depict the “average” offering of employee benefits by Iowa employers who do offer benefits. The medical premiums are the weighted average of all plans (HMO/POS, PPO, and Traditional Indemnity).

**PLEASE NOTE:** The following tables include BOTH the private organizations and the public services group.

**Table 43** shows overall averages of monthly billed rates for all group medical plans in Iowa.

**TABLE 43:**  
OVERALL MONTHLY MEDICAL PLAN  
PREMIUMS (INCLUDES EMPLOYER  
AND EMPLOYEE CONTRIBUTIONS)

EMPLOYER SIZE	Employee Only Plans	Employee & Spouse Plans	Employee & Children Plans	Family Plans
10–19 employees	\$289.28	\$636.58	\$538.65	\$752.64
20–49 employees	\$320.18	\$593.56	\$507.85	\$870.95
50–249 employees	\$352.18	\$623.35	\$564.68	\$876.05
250–999 employees	\$386.94	\$725.85	\$732.12	\$986.14
1000+ employees	\$368.12	\$688.12	\$600.92	\$949.87
<b>WEIGHTED AVG.</b>	<b>\$353.31</b>	<b>\$656.84</b>	<b>\$597.69</b>	<b>\$907.49</b>

**Table 44** presents the history of overall averages of monthly billed rates for all group medical plans in Iowa since 1999.

**TABLE 44:**  
HISTORY OF OVERALL MONTHLY  
MEDICAL PLAN PREMIUMS  
(INCLUDES EMPLOYER AND  
EMPLOYEE CONTRIBUTIONS)

YEAR	Single	Family
1999*	\$172	\$459
2000	\$189	\$494
2001	\$223	\$579
2002	\$254	\$646
2003	\$264	\$720
2004	\$314	\$799
2005	\$309	\$814
2006	\$331	\$870
2007	\$353	\$907
<b>9 YR. INCREASE</b>	<b>105%</b>	<b>98%</b>

\* 1999 Study included Central Iowa Employers only

Table 45 shows the overall average of monthly employee contributions for medical coverage.

**TABLE 45:**  
OVERALL MONTHLY EMPLOYEE CONTRIBUTION – FOR MEDICAL COVERAGE

Last year, the overall average employee contribution for employee only, employee & spouse, employee & children and family were \$60.41, \$198.84, \$179.37 and \$276.95 respectively.

EMPLOYER SIZE	Employee Only Plans	Employee & Spouse Plans	Employee & Children Plans	Family Plans
10–19 employees	\$46.56	\$199.90	\$179.09	\$305.75
20–49 employees	\$65.97	\$224.30	\$177.35	\$299.90
50–249 employees	\$57.78	\$236.92	\$217.65	\$350.10
250–999 employees	\$47.33	\$180.56	\$172.57	\$231.71
1000+ employees	\$50.18	\$150.30	\$115.33	\$223.77
<b>WEIGHTED AVG.</b>	<b>\$54.42</b>	<b>\$201.70</b>	<b>\$182.31</b>	<b>\$288.96</b>

Table 46 presents the history of monthly employee contributions for medical coverage since 1999.

**TABLE 46:**  
HISTORY OF MONTHLY EMPLOYEE CONTRIBUTIONS (ALL PLANS – HMO/POS, PPO, AND TRADITIONAL INDEMNITY)

YEAR	Single	Family
1999*	\$37	\$177
2000	\$39	\$180
2001	\$39	\$212
2002	\$48	\$236
2003	\$49	\$260
2004	\$51	\$267
2005	\$59	\$281
2006	\$60	\$277
2007	\$54	\$289
<b>9 YR. INCREASE</b>	<b>46%</b>	<b>63%</b>

\* 1999 Study included Central Iowa Employers only

## Overall Picture Continued

As reflected in **Table 47**, there is a tendency for larger employers to offer more benefit opportunities than smaller employers.

**TABLE 47:**  
**OVERALL BENEFITS OF LARGE VERSUS SMALL EMPLOYERS (FULL-TIME EMPLOYEES ONLY)**

BENEFITS OFFERED	Employer Size		
	LESS THAN 250 EMPLOYEES	250 OR MORE EMPLOYEES	ALL EMPLOYERS
Health Insurance	90.2%	96.5%	92.5%
Paid Holidays	91.7%	87.8%	90.3%
Retirement Plans	80.4%	92.6%	84.9%
Vacation	84.3%	71.8%	79.8%
Group Life Insurance	70.5%	93.0%	78.7%
Pre-Tax Premium	59.0%	89.7%	70.2%
Dental Insurance	57.8%	86.4%	68.2%
Dependent care flexible spending account	57.0%	86.6%	67.8%
Long Term Disability	54.9%	83.1%	65.1%
Sick Leave	63.3%	65.0%	63.9%
Medical care spending account	52.9%	81.8%	63.4%
Employee Voluntary Life Coverage	40.4%	79.7%	54.7%
Dependent Voluntary Life Coverage	36.8%	70.6%	49.1%
Short Term Disability	43.0%	57.5%	48.3%
Employee Assistance Program (EAP)	30.0%	71.5%	45.1%
Educational Assist/Tuition Reimbursement	31.7%	66.3%	44.3%
Vision Coverage	27.5%	59.7%	39.2%
Retiree Health Insurance (Pre 65 yrs)	18.1%	50.2%	29.8%
Paid Time Off Bank (PTO)	24.5%	35.0%	28.3%
Health Insurance for Domestic Partners	24.4%	32.6%	27.4%
Flextime	19.0%	40.4%	26.8%
Fitness center or gym subsidy	15.0%	46.5%	26.4%
Retiree Health Insurance (65 yrs +)	7.7%	30.3%	15.9%
Long Term Care Insurance	8.3%	28.6%	15.7%
Telecommuting	5.2%	21.4%	11.1%
Child care assistance (on or off-site)	3.5%	14.4%	7.5%